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"To enrich lives through effective and caring service"

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June 18, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**TERMINATION OF FACILITY ANCILLARY
SERVICES MASTER AGREEMENT FOR DEFAULT
(ALL DISTRICTS – 3 VOTES)**

SUBJECT

Termination of a facility ancillary services master agreement with Key Disposal, Inc., for default.

IT IS RECOMMENDED THAT THE BOARD:

Terminate the facility ancillary services master agreement (Agreement Number I104017) with Key Disposal, Inc., in whole, for default.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On March 3, 2009, your Board approved a Facility Ancillary Services Master Agreement (FASMA) which included Key Disposal, Inc. (Key) as a qualified vendor for waste hauling services. On February 21, 2012, ISD awarded a purchase order for waste hauling services to Key under its master agreement. Twenty three (23) of the waste hauling locations are located within the City of Los Angeles (City), and twenty eight (28) in other areas within the County of Los Angeles (Attachment 1).

On March 13, 2013, the City of Los Angeles Public Works Board approved the revocation of Key's waste hauling services permit effective April 13, 2013, due to Key's failure to comply with their contractual requirements, including but not limited to outstanding fees owed to the City. On April 4, 2013, the City notified ISD that Key's waste hauling services permit with the City was being revoked effective April 13, 2013, and that Key would no longer be allowed to provide services within the City limits.

On April 8, 2013, ISD sent written notification to Key of its intent to terminate Key's master agreement for default unless Key resolved the issue with the City. Key responded to the letter confirming that they would not be able to resolve the matter with the City by the April 13, 2013, deadline.

Given Key's inability to provide the entirety of the contracted services, ISD proceeded with actions to minimize interruptions or gaps in the critical services. ISD reviewed the most recent bid for these services and immediately awarded waste hauling services to the second lowest bidder for each of the locations then under agreement with Key. This resulted in an overall annual increase of \$33,558 over Key's prices. ISD notified your Board of this action on April 17, 2013.

ISD recommends that your Board terminate the agreement with Key pursuant to Section 8.43, Termination for Default, for violating Agreement provisions, including but not limited to: (a) 3.0, Work, and (b) 8.5, Compliance with Applicable Laws. The termination will be effective the day following Board action.

Implementation of Strategic Plan Goals

The recommended action supports County Strategic Plan Goal Number 1 (Operational Effectiveness) by ensuring the timely delivery of customer oriented and efficient public services.

FISCAL IMPACT/FINANCING

The facilities serviced by Key were added to several existing contractors under FASMA, at a higher cost to the County, resulting in an overall annual increase of \$33,558. As indicated in Attachment 1, the costs will be absorbed by the affected departments, including the Department of Public Social Services (15 sites), Department of Community and Senior Services (12 sites), the Department of Mental Health (5 sites), Department of Public Works (3 sites), and various other departments or court facilities. Based upon the dollars involved, it is not expected that the increased costs will have a material impact on departmental operating budgets.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On March 3, 2009, your Board approved, and ISD executed, a master agreement for ancillary facility ancillary services with Key ("Key"), effective April 1, 2009, for three (3) years with three (3) two-year extension options.

Due to Key's inability to continue to provide services under its FAMSA terms and conditions, ISD recommends that your Board terminate the agreement with Key pursuant to Section 8.43, Termination for Default, with a finding that Key has materially breached this agreement. The specific contractual provisions that were violated are identified in Attachment 2.

With the approval of the recommended actions by your Board, ISD intends to move forward with a debarment action against this contractor.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Termination of Key's master agreement will not have a negative impact on the current services.

Respectfully submitted,

A handwritten signature in dark ink that reads "Tom Tindall". The signature is written in a cursive, flowing style.

TOM TINDALL
Director

TT:YY

Enclosures

c: Chief Executive Officer
County Counsel
Auditor-Controller

Department/Facility	Address	City	City of Los Angeles Y/N	Previous Cost (Key)	Current Cost
1 AGRICULTURAL COMMISSIONER	11012 Garfield Ave. "A"	South Gate	N	\$ 75.00	\$ 116.91
AGRICULTURAL COMMISSIONER Subtotal				\$ 75.00	\$ 116.91
2 ANIMAL CARE & CONTROL	5898 Cherry Ave.	Long Beach	N	\$ 95.00	\$ 155.88
ANIMAL CARE & CONTROL Subtotal				\$ 95.00	\$ 155.88
3 ASSESSOR'S OFFICE	24320 Narbonne Ave.	Lomita	N	\$ 110.00	\$ 155.88
ASSESSOR'S OFFICE Subtotal				\$ 110.00	\$ 155.88
4 BOS	4801 E. Third St.	E. Los Angeles	N	\$ 155.88	\$ 180.00
BOS Subtotal				\$ 155.88	\$ 180.00
5 BOS/REG. RECORDER	14340 E. Sylvan Ave.	Van Nuys	N	\$ 110.00	\$ 244.00
BOS/REG. RECORDER Subtotal				\$ 110.00	\$ 244.00
6 COURTS	23519-25 W. Civic Center Way	Malibu	N	\$ 220.00	\$ 389.70
7 COURTS	1427 West Covina Parkway	West Covina	N	\$ 110.00	\$ 195.00
8 COURTS	1601 Eastlake Ave.	Los Angeles	Y	\$ 330.00	\$ 389.70
9 COURTS	429 Baughet St.	Los Angeles	Y	\$ 285.78	\$ 260.00
10 COURTS	5301 E. 3rd St	East Los Angeles	N	\$ 77.94	\$ 90.00
11 COURTS	7625 S. Central Ave.	Los Angeles	Y	\$ 55.00	\$ 95.00
COURTS Subtotal				\$ 1,078.72	\$ 1,419.40
12 CSS	7555 Van Nuys Blvd.	Van Nuys	N	\$ 40.00	\$ 62.00
13 CSS	133 No. Sunol Dr.	Los Angeles	Y	\$ 285.78	\$ 260.00
14 CSS	769 W. 3rd St.	San Pedro	N	\$ 55.00	\$ 97.00
15 CSS	3175 W. 6th St.	Los Angeles	Y	\$ 110.00	\$ 155.88
16 CSS	12915 Jarvis Ave.	Los Angeles	Y	\$ 80.00	\$ 97.00
17 CSS	730 E. Altadena Dr.	Altadena	N	\$ 51.96	\$ 70.00
18 CSS	560 Mariposa	Altadena	N	\$ 103.92	\$ 140.00
19 CSS	7807 S. Compton Ave.	Los Angeles	Y	\$ 95.00	\$ 155.88
20 CSS	4716 Cesar Chavez	Los Angeles	Y	\$ 142.89	\$ 130.00
21 CSS	4513 E. Compton Blvd.	Compton	N	\$ 40.00	\$ 62.00
22 CSS	11640 E. Slauson Ave.	Whittier	N	\$ 40.00	\$ 49.00
23 CSS	1441 Santa Anita Ave.	South El Monte	N	\$ 40.00	\$ 62.00
CSS Subtotal				\$ 1,084.55	\$ 1,340.76
24 DHS	5564 North Figueroa	Los Angeles	Y	\$ 28.57	\$ 100.00
DHS Subtotal				\$ 28.57	\$ 100.00
25 DPSS	2707 S. Grand Ave.	Los Angeles	Y	\$ 220.00	\$ 389.70
26 DPSS	2040 W. Holt Ave.	Pomona	N	\$ 75.00	\$ 146.00
27 DPSS	416 N. Garey Ave.	Pomona	N	\$ 40.00	\$ 62.00
28 DPSS	8130 S Atlantic Ave.	Cudahy	N	\$ 110.00	\$ 194.85
29 DPSS	5445 E. Whittier Blvd.	East Los Angeles	N	\$ 110.00	\$ 194.85
30 DPSS	2200 Humbolt	Los Angeles	Y	\$ 114.30	\$ 140.00
31 DPSS	1740 E. Gage Ave.	Los Angeles	Y	\$ 150.00	\$ 233.82
32 DPSS	813 4th Place	Los Angeles	Y	\$ 142.89	\$ 130.00
33 DPSS	4077 Mission Road	Los Angeles	Y	\$ 171.46	\$ 180.00
34 DPSS	2855 E. Olympic Blvd.	Los Angeles	Y	\$ 150.00	\$ 233.82
35 DPSS	2601 Wilshire Blvd.	Los Angeles	Y	\$ 150.00	\$ 233.82
36 DPSS	955 No. Lake St.	Pasadena	N	\$ 129.90	\$ 130.00
37 DPSS	2615 S. Grand Ave.	Los Angeles	Y	\$ 440.00	\$ 779.40
38 DPSS	10728 S. Central Ave.	Los Angeles	Y	\$ 150.00	\$ 233.82
39 DPSS	923 E. Redondo Blvd.	Inglewood	N	\$ 40.00	\$ 130.00
DPSS Subtotal				\$ 2,193.55	\$ 3,412.08
40 DPW	16005 E. Central Ave.	La Puente	N	\$ 40.00	\$ 49.00
41 DPW	125 S. Baldwin Ave.	Arcadia	N	\$ 40.00	\$ 62.00
42 DPW	12015 Shoemaker Ave.	Santa Fe Springs	N	\$ 40.00	\$ 65.00
DPW Subtotal				\$ 120.00	\$ 176.00
43 ISD	8051 Arroyo	Montebello	N	\$ 45.20	\$ 75.00
ISD Subtotal				\$ 45.20	\$ 75.00
44 MENTAL HEALTH	5321 Via Marisol	Los Angeles	Y	\$ 28.57	\$ 50.00
45 MENTAL HEALTH	1975 Long Beach Blvd.	Long Beach	N	\$ 55.00	\$ 95.00
46 MENTAL HEALTH	17707 Studebaker Rd.	Cerritos	N	\$ 190.00	\$ 311.76
47 MENTAL HEALTH	550 S. Vermont Ave.	Los Angeles	Y	\$ 330.00	\$ 584.55
48 MENTAL HEALTH	11080 W. Olympic Blvd.	Los Angeles	Y	\$ 55.00	\$ 97.00
MENTAL HEALTH Subtotal				\$ 658.57	\$ 1,138.31
49 PROBATION/DPW	1320/1330 W. Imperial Highway	Los Angeles	Y	\$ 160.00	\$ 155.88
PROBATION/DPW Subtotal				\$ 160.00	\$ 155.88
50 PUBLIC HEALTH	10612 Shoemaker Ave	Santa Fe Springs	N	\$ 30.00	\$ 50.00
PUBLIC HEALTH Subtotal				\$ 30.00	\$ 50.00
51 SHERIFF'S/MENTAL HEALTH	1925 Daly Street	Los Angeles	Y	\$ 28.57	\$ 50.00
SHERIFF'S/MENTAL HEALTH Subtotal				\$ 28.57	\$ 50.00
TOTAL MONTHLY COST				\$ 5,973.61	\$ 8,770.10
TOTAL ANNUAL COST				\$ 71,683.32	\$ 105,241.20
DIFFERENCE IN COST					\$ 33,557.88

CONTRACTUAL VIOLATIONS

3.0 WORK

- 3.1 Pursuant to the provisions of this Master Agreement, the Contractor shall fully perform, complete and deliver on time, all tasks, deliverables, services and other work as set forth herein.
- 3.2 Each Purchase Order shall include a Statement of Work, which shall describe in detail the particular project and the work required for the performance thereof. Payment for all work shall be on a time and materials basis, subject to the Total Maximum Amount specified on each individual Purchase Order.
- 3.3 If Contractor provides any task, deliverable, service, or other work to County that utilizes other than approved Contractor Personnel, and/or that goes beyond the Purchase Order expiration date, and/or that exceeds the Total Maximum Amount as specified in the Purchase Order as originally written or modified in accordance with sub-paragraph 8.1, Amendments, these shall be gratuitous efforts on the part of Contractor for which Contractor shall have no claim whatsoever against County.
- 3.4 County procedures for issuing and executing Purchase Orders are as set forth in this sub-paragraph 3.4. Upon determination by County to issue a Purchase Order solicitation, County shall issue a Purchase Order solicitation containing a Statement of Work to all Master Agreement Qualified Contractors. Each interested Qualified Contractor contacted shall submit a bid to the County address and within the timeframe specified in the solicitation. Failure of Contractor to provide a bid within the specified timeframe may disqualify Contractor for that particular Purchase Order.
- 3.5 Upon completion of evaluations, County shall execute the Purchase Order by and through the Internal Services Department staff with the lowest cost Qualified Contractor unless the Purchase Order solicitation specifies bid evaluation criteria other than lowest cost. It is understood by Contractor that County's competitive bidding procedure may have the effect that no Purchase Orders are awarded to some Master Agreement Qualified Contractors. Purchase Orders are usually issued for periods not extending past the end of County's current fiscal year (June

30th) with the exception of Purchase Orders for as needed services on a time and material basis, which may be issued to correspond with the term of the Master Agreement. However, at such time the Purchase Order is only extended through the end of the fiscal year, County may either rebid the Purchase Order tasks or extend the Purchase Order if technical or cost circumstances require it.

- 3.6 County estimates that selection of any Contractor shall occur within five (5) business days of completion of the evaluations of the particular Purchase Order bids. Following selection, all Contractors selected must be available to meet with County on the starting date specified in the Purchase Order. Inability of Contractor to comply with such commencement date may be cause for disqualification of Contractor from the particular Purchase Order as determined in the sole discretion of County's Project Director.
- 3.7 In the event Contractor defaults three times under sub-paragraph 3.6 within any 12-month period, then County may terminate this Master Agreement pursuant to Sub-paragraph 8.43, Termination For Default.
- 3.8 Contractor shall be responsible for monitoring and controlling the number of hours worked, and more particularly the resulting dollar value of chargeable services performed by Contractor personnel assigned to individual time and material Purchase Orders. Contractor shall be solely responsible for payments to Contractor personnel for excess hours worked resulting in charges exceeding any total maximum amounts stated on the face of a Purchase Order.

8.5 COMPLIANCE WITH APPLICABLE LAW

- 8.5.1 In the performance of this Contract, Contractor shall comply with all applicable Federal, State and local laws, rules, regulations, ordinances, directives, guidelines, policies and procedures, and all provisions required thereby to be included in this Contract are hereby incorporated herein by reference.
- 8.5.2 Contractor shall indemnify, defend, and hold harmless County, its officers, employees, and agents, from and against any and all claims, demands, damages, liabilities, losses, costs, and expenses, including,

ATTACHMENT 2

without limitation, defense costs and legal, accounting and other expert, consulting or professional fees, arising from, connected with, or related to any failure by Contractor, its officers, employees, agents, or subcontractors, to comply with any such laws, rules, regulations, ordinances, directives, guidelines, policies, or procedures, as determined by County in its sole judgment. Any legal defense pursuant to Contractor's indemnification obligations under this Paragraph 8.6 shall be conducted by Contractor and performed by counsel selected by Contractor and approved by County. Notwithstanding the preceding sentence, County shall have the right to participate in any such defense at its sole cost and expense, except that in the event Contractor fails to provide County with a full and adequate defense, as determined by County in its sole judgment, County shall be entitled to retain its own counsel, including, without limitation, County Counsel, and reimbursement from Contractor for all such costs and expenses incurred by County in doing so. Contractor shall not have the right to enter into any settlement, agree to any injunction or other equitable relief, or make any admission, in each case, on behalf of County without County's prior written approval.